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INITIATING A SOCIAL HEALTH INSURANCE PROGRAM IN THE MUNICIPALITY OF BINDOY

Background

Bindoy is a fourth class municipality in the Province of Negros Oriental. It contains 22 barangays, six of which are coastal and 16 of which are upland, and has a population of 34,773, distributed in 6,682 households. An estimated 70% of the population is indigent.

Public health services are provided by 1 district hospital, 1 Rural Health Unit (RHU), and 10 *Barangay*, or Village, Health Stations. Its health providers consist of 1 municipal health officer, 1 public health nurse, 10 regular midwives, 2 sanitary inspectors, 1 medical technologist, 1 dentist, 1 dental aide, 3 honoraria midwives, 1 casual medical technologist, 1 utility worker, and 97 Barangay Health Workers (BHWs).

The leading causes of morbidity in the Municipality of Bindoy are acute respiratory infection, pneumonia, various wound types, hypertension, and hyperacidity. Data from the district hospital show increasing admissions due to these and other causes. Many of those from lower-income brackets who are sick and hospitalized cannot afford necessary drugs and medicines and often cannot pay their hospital bills. Some may not be admitted to a hospital because they are unable to pay the required deposit. Often, these indigents seek financial assistance from political leaders such as the municipal mayor.

In 2000, the Department of Health (DOH) Representative introduced to the Local Health Board the Philippine Health Insurance Corporation's (PhilHealth) Indigent Program, more commonly known as *Medicare Para Sa Masa* (Medicare for the Masses). Through the Indigent Program, the national government provides affordable, high-quality health care to the marginalized sector, particularly the bottom 25% of the population, who cannot afford to pay premiums. Through a partnership with PhilHealth, the national government shares



Signing of MOA between PhilHealth and the Municipality of Bindoy.

the costs of enrolling the indigents from each local government unit (LGU). The annual premium required to provide Medicare coverage to an indigent family amounts to PhP1,188.00 (US\$24.00). The national government's share varies depending on the income classification of the LGU.

How It Works

In August 2001, Mayor Valente Yap created a technical working group to develop the municipality's Indigent Program. The Health Sector Reform Technical Assistance Project of the DOH and PhilHealth were on hand to provide technical assistance to the technical working group in formulating the Program's plan of action.

The mayor created this working group after a series of orientation seminars by PhilHealth, the DOH Center for Health Development, and the Provincial Health Office highlighted the long-term benefits of providing health insurance to his disadvantaged constituents. At about the same time, the municipality enrolled in the Matching Grant Program (MGP) of the DOH, to which the municipality committed PhP150,000 (US\$3,000) as its LGU counterpart. About 83% of the amount was earmarked for the enrollment of its indigents in the Indigent Program.



MATCHING GRANT PROGRAM
Department of Health

Box 1. Milestones in Initiating a Social Health Insurance Program in the Municipality of Bindoy:

- Creating a technical working group for the Indigent Program (August 2001)
- Formulating a plan of action for the implementation of the Indigent Program & other health sector reform strategies (October 2001)
- Upgrading the main health center to meet PhilHealth's standards for accreditation & to be able to use the capitation fund (Oct-Nov 2001)
- Signing a Memorandum of Agreement between the LGU & PhilHealth (November 2001)
- Conducting an orientation meeting with barangay officials, BHWs, and day care workers (December 2001)
- Conducting a Community-Based Information System-Minimum Basic Needs Survey in all barangays to identify indigent families (Dec'2001-Jan'2002)
- Submitting survey results to PhilHealth Regional Office for validation (January 2002)
- Passing *Sangguniang Bayan* (Municipal Council) resolutions committing the amount of PhP100,000 as premium subsidy & creating the PhilHealth capitation fund (January 2002)
- Launching the Indigent Program and distributing PhilHealth IDs to 784 indigent families (February 2002)

Unlike in other areas, where the municipal government either assumes responsibility for the local counterpart or shares it with the provincial government, Bindoy's leadership deemed it important that the province, municipality, barangays, and indigent families share the responsibility for a social health insurance program (Table 1).

Under Bindoy Municipality's social health insurance scheme, families contribute to their plan. This is intended to help them assume more responsibility for their own health. Payment of the family's share starts during the second year of enrolment and may be paid either in full or in 12 monthly installments through the BHWs or midwives. In the event that a re-enrollee is unable to provide the required counterpart due to poverty, the municipal government accepts payment in kind or services.

Table 1
PROPOSED SHARING SCHEME PER FAMILY

Year	Annual Contribution (PhP)	Share in Total Contribution							
		Family		Barangay		Municipal		Province	
		PhP	%	PhP	%	PhP	%	PhP	%
1	118.80	0	0	29.70	25.00	29.70	25.00	59.40	50.00
2	118.80	59.40	50.00	14.85	12.50	14.85	12.50	29.70	25.00
3	237.60	118.80	50.00	29.70	12.50	29.70	12.50	59.40	25.00
4	356.40	118.80	33.33	59.40	16.67	59.40	16.67	118.80	33.33
5	475.20	118.80	25.00	89.10	18.75	89.10	18.75	178.20	37.50
6	594.00	118.80	20.00	118.80	20.00	118.80	20.00	237.60	40.00

The barangays were also mobilized to provide counterpart funds. The municipal mayor lobbied among the barangay officials for the contribution of at least 1% of the barangays' internal revenue allotment (IRA) to health insurance coverage for their indigent constituents. The number of indigent families to be covered in each barangay depends upon the

funds that the barangay is able to raise and its contribution rate, as shown in Table 1. The municipal government matches the amount raised by the barangays.

Through the efforts of the municipal mayor, the Municipality of Bindoy was also able to obtain PhP200,000.00 (US\$4,000) from the provincial government as its counterpart to Bindoy's social health insurance program.

In addition to securing health insurance for its indigents, the Municipality of Bindoy worked to gain PhilHealth accreditation for its RHU, so that the Municipality could use the capitation fund to provide PhilHealth's outpatient benefit package to its constituents. This meant investing about PhP300,000.00 for upgrading the RHU's laboratory equipment and services, among other uses. It is worth noting that Bindoy's RHU has been a certified *Sentrong Sigla* (Center of Vitality) health facility since June 2000, and was the first RHU in the Central Visayas Region to be accredited by PhilHealth.



Bindoy's Rural Health Unit and laboratory.

The local leadership decided to implement the Indigent Program and acquire PhilHealth accreditation because it realized that the capitation fund could be an additional source of funds for the LGU. Assuming that the municipality would shoulder the entire LGU counterpart (based on the prescribed contribution subsidy for a fourth class municipality) within a six-year period, it would have invested a total of PhP1,900.80 per family. Given an annual capitation fund of PhP300.00 per family, the municipality would have realized an accumulated amount of PhP1,800.00 per family within the same period, which could be used for the purchase of drugs and medical supplies and for upgrading its health facilities and services. This means that the municipality would have invested only PhP100.80 per indigent family during a six-year period to ensure its access to outpatient and hospitalization benefits (Table 2). In the case of the Municipality of Bindoy, the cost to the LGU would be much less, since the annual premium contribution is shared by the province, barangays, and households. This translates to higher proceeds from the capitation fund for the LGU.

Table 2
LGU PREMIUM CONTRIBUTION VIS-À-VIS CAPITATION FUND
(Per household, w/in a six-year period)

Year	Contribution Subsidy (%)	Premium Contribution		Capitation Fund	
		Annual	Accumulated	Annual	Accumulated
1	10	118.80	118.80	300.00	300.00
2	10	118.80	237.60	300.00	600.00
3	20	237.60	475.20	300.00	900.00
4	30	356.40	831.60	300.00	1,200.00
5	40	475.20	1,306.80	300.00	1,500.00
6	50	594.00	1,900.80	300.00	1,800.00

Status of Implementation

From an initial enrolment of 784 families in February 2002, the program posted a total of 3,883 enrollees as of January 2003, representing 83% of total indigent families in the municipality. The total premium contribution remitted to PhilHealth amounted to PhP461,300.40, which is 85.6% of the total available funds for the purpose (Table 3).

Table 3
FUND SOURCES FOR PREMIUM PAYMENT

Source	2002 (PhP)	2003 (PhP)
Municipal Government	100,000.00	150,000.00
Barangays	113,700.00	132,700.00
Provincial Government	200,000.00	200,000.00
LGU Counterpart to MGP	125,000.00	-
Families	-	132,000.00
TOTAL	538,700.00	614,700.00

In 2003, the municipal government allocated PhP150,000.00 for its Indigent Program, while another PhP200,000.00 is expected from the provincial government. The barangays will provide their respective counterparts as IRA proceeds become available.

Approximately 88% of the first batch of enrollees were re-enrolled in February 2003. The remaining 12% were disqualified, due to either a change in economic status or transfer of residence, and were replaced by new enrollees who were willing to provide the required counterpart upon initial enrolment. As of 12 April 2003, a total of PhP60,170.00 has been collected from the beneficiaries as counterpart. Meanwhile, the municipality already received a total of PhP482,003.60 from PhilHealth as capitation fund for its first batch of enrollees. Almost 83% of this amount has been utilized to purchase drugs, medical supplies, and other supplies.

From February 2002 until March 2003, the Bindoy District Hospital has recorded 268 claims for hospital-provided benefits under the Indigent Program, while the RHU has posted 995 claims for outpatient benefits.

Lessons Learned

There were several critical factors that contributed to the success of the Indigent Program in the Municipality of Bindoy.

To begin with, the active support and commitment of local leaders at different levels played a key role in the program's success. The municipal mayor was instrumental in mobilizing funds from stakeholders to implement the program. The mayor also played a large role in IEC and advocacy activities by being present during public information campaigns and the distribution of PhilHealth IDs.

In addition, a point person was designated to ensure smooth program implementation. This person, the medical technologist, worked closely with the MHO and the municipal mayor and served to coordinate program-related activities.

IEC is crucial in ensuring the success of any initiative. In the case of the Indigent Program, the information campaign emphasized that not everything can be provided by the government for free. This encouraged beneficiaries to assume financial responsibility for managing their own health.

Along with enrolling indigents in the Indigent Program, the municipality successfully worked towards gaining PhilHealth accreditation for its RHU, for the provision of the outpatient benefit package to enable it to generate additional funds for health. This is a critical lesson for other municipalities seeking to add to available funds for health care.

Finally, building on the lessons from the Municipality of Bindoy, to sustain an initiative such as the Indigent Program, all stakeholders—the province, municipality, barangays, and households—should be required to contribute, since they will all benefit from the program's success.



Mayor Valente Yap distributing PhilHealth IDs.

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